



HOUSE BILL 743: UI Laws Administrative Changes

2013-2014 General Assembly

Committee: Senate Finance
Introduced by: Reps. Howard, Warren
Analysis of: PCS to Second Edition
H743-CSTMx-43

Date: June 5, 2013
Prepared by: Greg Roney
Committee Counsel

SUMMARY: *The Proposed Committee Substitute (PCS) for House Bill 743 would make administrative and technical changes to S.L. 2013-2, UI Fund Solvency & Program Changes (House Bill 4) and correct cross references in Chapter 96 of the General Statutes.*

CURRENT LAW: S.L. 2013-2, UI Fund Solvency & Program Changes (House Bill 4) made changes to the State unemployment insurance program (UI) to accelerate the repayment of the \$2.5 billion advance the State borrowed from the federal government to pay UI benefits. The Governor signed S.L. 2013-2 on February 19, 2013.

BILL ANALYSIS: The PCS for House Bill 743 would make the following technical changes to S.L. 2013-2, UI Fund Solvency & Program Changes (House Bill 4):

- Correct references to "Board of Review."
- Clarify that penalties are paid into the Supplemental Employment Security Administration Fund then transferred to the Civil Penalty and Forfeiture Fund.
- Correct reference to the Unemployment Insurance Reserve Fund as an enterprise fund – not a special revenue fund.
- Correct references to fiscal years.
- Clarify that amounts in the account of a reimbursing employer in excess of 1% of taxable wages will not be refunded to the employer and will be retained as a credit.
- Correct language taken from Internal Revenue Code section 3304.
- Determine the minimum and maximum number of weeks of benefits based on the seasonal adjusted statewide unemployment rate over a 3-month period. S.L. 2013-2 used the unemployment rate for a single month to determine the weeks of benefits. Using an average of 3 months avoids administrative delays when the US Department of Labor adjusts the unemployment rate for a month subsequent to the announcement.
- Correct definition of disciplinary suspension to less than 30 days from more than 30 days.
- Require by statute that employers must state a basis for a protest of a claim within 15 days from the delivery of the notice of filing of a claim.
- Require by statute that benefits are not paid until one of the following occurs: the employer files a protest, the 14-day period to file a protest expires, or the claim is adjudicated.
- Require by statute that employers with 25 employees file wage reports in an electronic format.
- Move the effective date from Monday, July 1, 2013 to Sunday, June 30, 2013 because claims for unemployment benefits are based on weeks beginning on Sundays.



House PCS 743

Page 2

- Direct the Governor to appoint the members of the Board of Review by September 1, 2013 and allow the initial Board of Review appointments to serve without confirmation by the General Assembly.
- Correct statutory cross references and other technical errors.

The PCS for House Bill 743 would also correct cross references in Chapter 96 of the General Statutes.

EFFECTIVE DATE: The PCS to House Bill 743 would be effective when it becomes law.